

# HOUSE BILL No. 1165

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 36-1-20.

**Synopsis:** Rental registration and inspection programs. Removes rooming houses and boarding houses from provisions regulating local government inspection and imposition of fees on rental units and rental unit communities. Provides that a rental registration or inspection program (program) concerns the inspection or registration of only rental units. Restricts a political subdivision's issuance of landlord permits and imposing registration and inspection fees, if the political subdivision adopted a program before July 1, 1977. (Under current law, only a political subdivision that adopted a program after July 1, 1984, is subject to these restrictions.)

**Effective:** Upon passage.

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January 12, 2015, read first time and referred to Committee on Government and Regulatory Reform.

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First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1165

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A BILL FOR AN ACT to amend the Indiana Code concerning local government.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 36-1-20-1, AS ADDED BY P.L.212-2011,  
2       SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       UPON PASSAGE]: Sec. 1. **Except as provided in section 1.3 of this**  
4       **chapter**, the definitions in IC 32-31-3 apply throughout this chapter.  
5       SECTION 2. IC 36-1-20-1.2 IS ADDED TO THE INDIANA CODE  
6       AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
7       UPON PASSAGE]: **Sec. 1.2. As used in this chapter, "rental**  
8       **registration or inspection program" means a program authorizing**  
9       **the registration or inspection of rental units and no other type of**  
10       **dwelling. The term does not include a general housing registration**  
11       **or inspection program.**  
12       SECTION 3. IC 36-1-20-1.3 IS ADDED TO THE INDIANA CODE  
13       AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
14       UPON PASSAGE]: **Sec. 1.3. As used in this chapter, "rental unit"**  
15       **means:**



(1) a structure, or the part of a structure, that is used as a home, residence, or sleeping unit by:

(A) one (1) individual who maintains a household; or

(B) two (2) or more individuals who maintain a common household; or

(2) any grounds, facilities, or area promised for the use of a residential tenant, including the following:

(A) An apartment unit.

(B) A mobile home space.

(C) A single or two (2) family dwelling.

SECTION 4. IC 36-1-20-3.5, AS ADDED BY P.L.193-2014, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.5. (a) This section does not apply to a political subdivision with a rental registration or inspection program created **after July 1, 1977, and** before July 1, 1984.

(b) A political subdivision may not require a rental unit's owner or landlord to do any of the following:

(1) Except as provided in subsection (c), obtain a permit to lease the rental unit.

(2) Participate in a class or government program as a condition for leasing the rental unit.

(c) Notwithstanding subsection (b), a political subdivision may require a rental unit's owner or landlord to obtain a permit only as follows:

(1) A fee may not be charged to obtain a permit.

(2) Except when there is a change of ownership of the real property, a permit does not expire. A political subdivision may require a new owner of the real estate to obtain a new permit.

(3) Only one (1) permit may be required for a rental unit community.

SECTION 5. IC 36-1-20-4.1, AS ADDED BY P.L.193-2014, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.1. (a) This section does not apply to a political subdivision with a rental registration or inspection program created **after July 1, 1977, and** before July 1, 1984. This section does not apply to a manufactured housing community or mobile home community that is licensed, permitted, and inspected by the state department of health.

(b) Except as provided in subsection (c), this chapter does not prohibit a political subdivision from establishing and enforcing a program for inspecting rental units.

(c) Except as provided in subsection (d), after June 30, 2014, a



political subdivision may not inspect a rental unit or impose a fee pertaining to the inspection of a rental unit, if the rental unit satisfies all of the following:

(1) The rental unit is:

(A) managed by; or

(B) part of a rental unit community that is managed by; a professional real estate manager.

(2) During the previous twelve (12) months, the rental unit has been inspected or is part of a rental unit community that has been inspected by either of the following:

(A) By or for:

(i) the United States Department of Housing and Urban Development, the Indiana Housing and Community Development Authority, or another federal or state agency; or

(ii) a financial institution or insurance company authorized to do business in Indiana.

(B) By an inspector who:

(i) is a registered architect;

(ii) is a professional engineer; or

(iii) satisfies qualifications for an inspector of rental units prescribed by the political subdivision.

The inspector may not be an employee of the owner or landlord.

(3) A written inspection report of the inspection under subdivision (2) has been issued to the owner or landlord of the rental unit or rental unit community (as applicable) that verifies that the rental unit or rental unit community is safe and habitable with respect to:

(A) electrical supply and electrical systems;

(B) plumbing and plumbing systems;

(C) water supply, including hot water;

(D) heating, ventilation, and air conditioning equipment and systems;

(E) bathroom and toilet facilities;

(F) doors, windows, stairways, and hallways;

(G) functioning smoke detectors; and

(H) the structure in which a rental unit is located.

A political subdivision may not add to the requirements of this subdivision.

(4) The inspection report issued under subdivision (3) is delivered to the political subdivision on or before the due date set by the



1 political subdivision.

2 (d) This subsection applies to all rental units, including a rental unit  
3 that meets the requirements for an exemption under subsection (c). A  
4 political subdivision may inspect a rental unit, if the political  
5 subdivision:

6 (1) has reason to believe; or

7 (2) receives a complaint;

8 that the rental unit does not comply with applicable code requirements.

9 However, in the case of a rental unit that meets the requirements for an  
10 exemption under subsection (c), the political subdivision may not  
11 impose a fee pertaining to the inspection of the rental unit. If an  
12 inspection of a rental unit reveals a violation of applicable code  
13 requirements, the owner of the rental unit may be subject to a penalty  
14 as provided in section 6 of this chapter.

15 (e) This subsection applies only to a rental unit that meets the  
16 requirements for an exemption under subsection (c). If the inspection  
17 report for the rental unit or rental unit community is prepared by or for  
18 the United States Department of Housing and Urban Development, the  
19 inspection report is valid for purposes of maintaining the exemption  
20 under subsection (c) until:

21 (1) the date specified in the inspection report; or

22 (2) thirty-six (36) months after the date of the inspection report;  
23 whichever is earlier.

24 SECTION 6. IC 36-1-20-5, AS ADDED BY P.L.193-2014,  
25 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
26 UPON PASSAGE]: Sec. 5. (a) This section does not apply to a political  
27 subdivision with a rental registration or inspection program created  
28 **after July 1, 1977, and before July 1, 1984.**

29 (b) This chapter does not prohibit a political subdivision from  
30 establishing and enforcing a registration program for rental units within  
31 the political subdivision.

32 (c) A political subdivision may impose on an owner or landlord of  
33 a rental unit an annual registration fee of not more than five dollars  
34 (\$5).

35 (d) A registration fee imposed under subsection (c) covers all the  
36 rental units in a rental unit community. However, if a rental unit is not  
37 part of a rental unit community, a registration fee may be imposed for  
38 each separate parcel of real property on which a rental unit is located.

39 (e) If the ownership of a rental unit community or the ownership of  
40 a parcel of real property on which a rental unit is located changes, a  
41 political subdivision may require the new owner of the rental unit  
42 community or new owner of the real estate parcel to:



- 1 (1) pay an annual registration fee of not more than five dollars
- 2 (\$5); and
- 3 (2) provide updated registration information to the political
- 4 subdivision;
- 5 not later than thirty (30) days after the change of ownership.
- 6 **SECTION 7. An emergency is declared for this act.**

